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NSC BRIEFING CONFIDEN 13 January 1955

CHINESE NATIONALIST POSITION

- I. ChiCom attacks—air and sea—on ChiNat ships at Tachens (10 Jan) are heaviest yet staged. Result—Tachens command now without naval support. Virtually without air support, facing supply woes, and with one—third garrison green, Tachens presently more vulner—able to ChiCom assault than ever before.
 - A. Air assault (10 Jan their time)
 aimed disrupt rotation ChiNat
 garrison. Anchorage was filled
 with Nat ships--sole remaining
 DE assigned to islands, three
 LST's, two gunboats, several

NAVY and DIA review(s) completed.

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other vessels.

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bomber sorties, raided for 7
hrs., hit all three LST's,
plus DE. One LST, carrying
ammo, set afire, believed
total loss. Damage to other
vessels lighter, but some 160

C. Raid caught Nats "flatfooted."

No alert, AA fire sporadic,
ineffective. Requested air
support from Formosa denied
because "weather unfavorable."

sailors wounded, 14 killed.

D. After air attack, ships (except LST 202) put to sea. That night, 150-foot Nat gunboat intercepted by ChiCom torpedo boats, hit and abandoned. DE limped to Formosa; other vessels now at Nanchishan (90 mi. SW

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- E. Shipping losses, vulnerability
 Nat vessels will complicate
 supply of Tachens. Current
 levels adequate for 30-45 days.
 Nationalist Navy wants remove
 guerrilla garrison (850) on
 Yushan, 35 miles NW Tachens;
 MAAG has advised Taipei to reevaluate logistic problem in
 all offshore islands.
- F. Two minesweepers escorting junk to Yushan reportedly attacked by Communist vessels shortly after midnight on 13 Jan.

 Results this battle not yet known.
- G. In "retaliation" small numbers Nationalist bombers have raided Communist islands (Toumen and Tienao) north of Tachens. Only

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says raids are "counterpublicity measures," not effective military action.

- II. MAAG reports no signs Communist invasion preparations, believes ChiComs will try destroy Nat naval forces, isolate Tachens.
 - A. Although ChiComs can overrun

 Tachens at any time, we agree
 that early action unlikely.

 Two main reasons:
 - 1. 7th Fleet prepared
 demonstrate in next few
 days; past appearances
 have quieted Communist
 activity, should do so
 again.
 - 2. High winds, seas now would make invasion

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- B. Next Tachen rotation due 22 Jan; expect raids then, or any time when targets spotted.
- III. Attacks may represent either effort soften Tachens in preparation assault, or effort make cost of holding islands unacceptable. In either case Nationalists will have problems of morale.
 - A. Garrison command, as result 10

 Jan action, saw support routed,

 requests for air support refused

 (not for first time), and vivid

 demonstration ChiCom capability

 disrupt re-enforcement.
 - May already wonder if Taipei regards islands as expendable.
 - 2. Morale may well sag in absence indication or belief US will help

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- Leaflet drops on Tachens (11 Jan) show increasing ChiCom efforts induce local defection.
- Chiang himself has hard decision; В. conserve forces by withdrawal, or gamble on last-minute US intervention.
- Taipei apparently wrestling with C. problem now:
 - 1. Chiang favoring minimum commitment, no reinforcements.
 - Defense Minister has asked Radford for inclusion offshore islands in Taipei Pact.
- In addition island garrisons' vulnerability to defection,

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possibility of Approved For Release 2003/04/24 gCIA-

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subversion on Formosa is further, although long-range, threat.

- 1. ChiCom propaganda aimed at causing defection Taiwan
 Nat officials sharply
 stepped up since July '54.
- 2. This propaganda is in form broadcasts, letters, leaf-lets from ChiCom leaders, former Nat leaders and troops, recent defectors.
- 3. Main theme this propaganda is that Nationalists have no future on Formosa, "glorious" future on mainland--standards offers include amnesty, cash, land, jobs.
- 4. To date, no significant results; but continuing

Approved For Release 2003/04/24: CIA-RDP 9R008004000000010034-4 US NAVY DENIES REPORT OF DESTROYER CLASH WITH COMMUNIST PLANES

US Navy sources say there is <u>no</u>

<u>foundation</u> for the report that a US destroyer

fired on Communist Chinese planes in the

vicinity of Nanchi island, southwest of the

Tachens, on 10 January.

Reports appeared in the press, came from Chinese Nationalist newsmen riding on LST running from Tachen to Nanchi.

Pentagon says <u>no</u> US ships in area at time of reported incident. US officials on Taipei have also denied the reports.